

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:B03
PLR-137718-10

Date:
November 23, 2010

Legend

Parent =

Oldco =

Newco =

Country X =

Country Y =

State A =

Date 1 =

Dear :

This letter responds to your letter dated September 14, 2010 requesting rulings as to the federal income tax consequences of a proposed transaction. The information provided in that request and in subsequent correspondence is summarized below.

Parent, a corporation organized under the laws of State A, operates as a holding company. Parent is the common parent of an affiliated group of corporations ("Parent's consolidated group") that files a "life-nonlife" consolidated federal income tax return pursuant to § 1504(c)(2) of the Internal Revenue Code.

Oldco, a company organized under the laws of Country X, is an insurance company. Oldco is a direct, wholly owned subsidiary of Parent and a member of Parent's consolidated group. Oldco elected to be treated as a domestic corporation for federal tax purposes under § 953(d) effective as of Date 1.

Oldco proposes to follow the legally prescribed processes in Country X and Country Y, respectively, pursuant to a written plan of reorganization to change its place of incorporation from Country X to Country Y (the "Proposed Transaction").

Oldco makes the following representations with respect to the Proposed Transaction:

- (a) Oldco is classified as an association taxable as a corporation for federal tax purposes and is treated as a domestic corporation for federal tax purposes.
- (b) Since Date 1, the effective date of its election under § 953(d), Oldco has satisfied the requirements to be treated as a domestic corporation for federal tax purposes pursuant to that section.
- (c) Following the Proposed Transaction, Newco will continue to satisfy the requirements to be treated as a domestic corporation for federal tax purposes pursuant to § 953(d).
- (d) Oldco is not presently, and Newco will not be immediately after the Proposed Transaction, under the jurisdiction of any court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).
- (e) The Proposed Transaction will be consummated pursuant to a written plan of reorganization, will be effected solely by the change in place of incorporation of Oldco under the laws of Country X and Country Y, and will be undertaken for a bona fide business purpose.
- (f) The Proposed Transaction will be effected in a manner that complies with all the applicable legal and regulatory requirements.

- (g) Parent will be the sole shareholder of Oldco immediately before the Proposed Transaction and the sole shareholder of Newco immediately after the Proposed Transaction.
- (h) At the time of the Proposed Transaction, Oldco will not have any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire an ownership interest in Oldco.
- (i) Parent will own all of the outstanding shares of Newco immediately after the Proposed Transaction solely by reason of its ownership of the shares of Oldco immediately before the Proposed Transaction.
- (j) Newco has no plan or intention to reacquire any of its shares following the Proposed Transaction.
- (k) The fair market value of Newco shares held by Parent immediately after the Proposed Transaction will be approximately equal to the fair market value of Oldco shares held by Parent immediately before the Proposed Transaction.
- (l) Immediately after the Proposed Transaction, Newco will possess the same assets and liabilities as those possessed by Oldco immediately before the Proposed Transaction except for assets used to pay expenses, if any, incurred in connection with the Proposed Transaction. No assets will be distributed by Oldco in the Proposed Transaction.
- (m) Newco has no plan or intention to sell or otherwise dispose of any of the assets held by Oldco immediately before the Proposed Transaction, except for dispositions made in the ordinary course of business.
- (n) The liabilities of Oldco deemed to be assumed by Newco in the Proposed Transaction, plus the liabilities, if any, to which the assets of Oldco deemed to be transferred to Newco in the Proposed Transaction are subject, will have been incurred by Oldco in the ordinary course of its business and are associated with the assets deemed to be transferred.
- (o) Each of Parent, Oldco, and Newco will pay its respective expenses, if any, incurred in connection with the Proposed Transaction.
- (p) Assuming that the Proposed Transaction constitutes a reorganization within the meaning of § 368(a)(1)(F), (i) Newco will constitute a “successor” within the meaning of § 1.1502-1(f)(4)(i) of the Income Tax Regulations with respect to Oldco; (ii) Newco will constitute a “successor person” within the meaning of § 1.1502-13(j)(2) with respect to Oldco; and (iii) Newco will constitute an “eligible corporation” within the meaning of § 1.1502-47(d)(12)(i) with respect to the Parent’s consolidated group.

Based solely upon the information submitted and the representations set forth above, we rule as follows:

1. The Proposed Transaction will constitute a reorganization within the meaning of § 368(a)(1)(F). Oldco and Newco will each be “a party to the reorganization” under § 368(b).
2. Oldco’s 953(d) election will not terminate as a result of the Proposed Transaction.
3. Oldco will recognize no gain or loss on the deemed transfer of assets to Newco in exchange for Newco stock and Newco’s assumption of Oldco’s liabilities in the Proposed Transaction (§§ 361(a) and 357(a)).
4. Newco will recognize no gain or loss on the receipt of Oldco’s assets and liabilities in the deemed exchange for Newco stock (§ 1032(a)).
5. The basis of each asset held by Newco immediately after the Proposed Transaction will be the same as the basis of such asset in the hands of Oldco immediately prior to the Proposed Transaction (§ 362(b)).
6. The holding period of each asset held by Newco immediately after the Proposed transaction will include the period during which such asset was held by Oldco (§ 1223(2)).
7. Oldco will recognize no gain or loss on the deemed distribution to Parent of the Newco stock (§ 361(c)(1)).
8. Parent will recognize no gain or loss on the deemed exchange of the Oldco stock for Newco stock (§ 354(a)(1)).
9. The basis of the shares of Newco stock deemed to be received by Parent will be the same as the basis in the Oldco stock deemed to be exchanged therefore (§ 358(a)).
10. The holding period of the shares of Newco stock deemed to be received by Parent in the Proposed Transaction will include the holding period of the shares of Oldco deemed to be exchanged therefor, provided that Parent holds the Oldco stock as a capital asset on the date of the Proposed Transaction (§ 1223(1)).
11. The tax attributes of Oldco enumerated in § 381(c) will be taken into account by Newco as if there had been no reorganization (§ 1.381(b)-1(a)(2)).

12. The taxable year of Oldco will not end on the date of the Proposed Transaction, and such tax year continues in the name of Newco (§ 1.381(b)-1).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Temporary or final regulations pertaining to one or more of the issues addressed in this ruling have not yet been adopted. Therefore, this ruling will be modified or revoked by the adoption of temporary or final regulations, to the extent the regulations are inconsistent with any conclusion in the letter ruling. See section 11.04 of Rev. Proc. 2010-1, 2010-1 I.R.B. 1, 49. However, when the criteria in section 11.06 of Rev. Proc. 2010-1, 2010-1 I.R.B. 1, 50 are satisfied, a ruling is not revoked or modified retroactively except in rare or unusual circumstances.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Lisa A. Fuller
Senior Counsel, Branch 1
Office of Associate Chief Counsel (Corporate)

cc: